

**Protocol for the Acceptance and Use  
of  
Private Contributions of Funds to LSC**

*(for inclusion in the LSC Accounting and Administrative Manuals)*

*Proposed changes June 10, 2013*

**1. Protocol and Purposes**

This Gift Acceptance Protocol (“Protocol”) governs the solicitation and acceptance of gifts by the Legal Services Corporation (“LSC” or “Corporation”).

The purpose of this Protocol is to provide guidance for LSC’s Board of Directors (“Board”) and staff, and other stakeholders concerning gifts to LSC, and to provide guidance to prospective donors and their professional advisors when making gifts to LSC. The provisions of this Protocol shall apply to all gifts received by LSC. LSC’s Board reserves the right to revise or revoke this Protocol at any time and to make exceptions. Any changes or exceptions to this Protocol must be approved by the Board in writing.

~~From time to time, LSC may receive private contributions of funds for the conduct of LSC business. These private contributions may be in the form of grants for which LSC has applied, may be contributions other than grants that LSC staff or Board members have solicited, or may be unsolicited private contributions. This protocol shall apply to the solicitation, acceptance, budgeting, expenditure of and accounting for private contributions of funds (whether in the form of grants or other solicited or unsolicited contributions).~~

In-kind contributions of goods or services are not subject to this Pprotocol.

**A. Grants**

For the purposes of this Pprotocol, a “grant” is defined as any funding opportunity made available by a third party pursuant to a Request for Proposal or some other equivalent application process.

Applications for grants for the following purposes are hereby approved by the Board of Directors (“Board”), and LSC may submit grant applications for funding for such purposes without further approval of but subject to at least ten business days’ prior notice to the Board:

- Grants for research projects related to legal services for people of limited means;
- Grants for projects to provide training and technical assistance to LSC grant

recipients or staff;

- Grants for fellowships to take positions with LSC grant recipients;
- Grants for programs to educate the public about the role of LSC-funded legal services providers in their communities, LSC, access to justice issues, and matters related to access to justice;
- Grants for the advancement of *pro bono* programs serving the civil legal needs of persons of limited means; and
- Grants in support of LSC's private development capacity, with use of this capacity to remain subject to this protocol.
- **Grants in support of LSC-sponsored conferences or meetings.**

Before any Director, officer or employee of LSC applies for any grant for a purpose not listed above, the proposed grant application must be presented to the Board for approval no later than ten business days in advance of submission of the application.

## **B. Solicitation of Non-Grant Contributions**

Except as otherwise provided herein, no Director, officer or employee may solicit the private contribution of funds without prior approval of the Board.

Before any Director, officer or employee of LSC makes any solicitation, the proposed solicitation must be presented to the Board for approval no later than ten business days in advance of the proposed solicitation.

Exempt from this requirement, but subject to the approval of the President of LSC, are 1) solicitations for modest donations not to exceed a total of \$5,000 per event for LSC staff events/functions and 2) fundraising among LSC staff for charitable causes.

## **C. Unsolicited Contributions**

LSC Directors, officers and employees will discuss unsolicited offers of donations that are aligned with LSC's priorities and mission with the potential donor and will ~~notify,~~ ~~but must~~ notify such prospective donor that ~~no a~~ donation may be accepted without the ~~express~~ approval of the LSC President or his/her designee. If the offered donation is less than \$5,000, the LSC President or his/her designee is authorized to accept the donation if he or she deems it appropriate. For offered donations of \$5,000 or more, the LSC President or his/her designee may accept such donations ~~without further approval~~

~~of but subject to~~ with at least ten business days' prior notice to the Board.

## **2. Definitions**

- A.** Standard Gift: a cash or check monetary contribution by an individual, foundation, corporation or other entity.
- B.** Non-Standard Gift: a contribution that includes stock, bonds, real or personal property, and bequests.
- C.** Restricted Gift: a contribution which the donor designates or restricts for a particular purpose or project.
- D.** Unrestricted Gift: a contribution made by a donor with no limitations on how the contribution is to be used.

## **3. Gifts Subject to Board Approval Review Prior to Acceptance**

All gifts, other than Unrestricted Standard Gifts, must be reviewed and approved by the Board prior to acceptance, unless the Board authorizes certain gifts or categories of gifts to be accepted without its review and approval.

## **4. Marketable Securities**

Unrestricted marketable securities shall be transferred to an account maintained by LSC at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. All marketable securities shall be sold as soon as practical following receipt unless otherwise directed by the Board.

## **5. Non-Marketable Securities**

Non-marketable securities, including debt and equity positions in non-publicly traded companies, interests in limited liability partnerships and limited liability corporations, or other ownership forms, will be considered under the terms of gift acceptance detailed in Section 1. The Board shall review and decide whether to accept non-marketable securities based on the following factors:

- a. Restrictions on the security that would prevent LSC from ultimately converting the securities to cash;
- b. The marketability of the securities; and
- c. Any undesirable consequences for LSC from accepting the securities.

The Board may seek review and advice by an outside professional before deciding to accept the gift. Non-marketable securities shall be sold as quickly as possible.

## **6. Bequests**

Donors may make bequests to LSC under their wills and trusts. LSC will not record a bequest until the gift is received.

## **7. Charitable Remainder Trusts**

LSC may accept designations as remainder beneficiary of a charitable remainder trust. LSC shall not accept appointment as trustee of a charitable remainder trust.

## **8. Charitable Lead Trusts**

LSC may accept designations as income beneficiary of a charitable lead trust. LSC [may] [shall not] accept an appointment as trustee of a charitable lead trust.

## **9. Retirement Plan Beneficiary Designations**

LSC may accept designations as beneficiary of donors' retirement plans. Designations will not be recorded as gifts until the gift is received.

## **10. Life Insurance**

LSC may accept designations as beneficiary and owner of a life insurance policy. The life insurance policy will be recorded as a gift once LSC is named as both beneficiary and irrevocable owner of a life insurance policy. The gift shall be valued in accordance with Generally Accepted Accounting Principles ("GAAP"). If the donor contributes future premium payments, LSC will include the entire amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, LSC may:

- a. Continue to pay the premiums;
- b. Convert the policy to paid up insurance, or
- c. Surrender the policy for its current cash value.

Donors may name LSC as beneficiary or contingent beneficiary of their life insurance policies. Designations will not be recorded as gifts until the gift is irrevocable. Where the gift is irrevocable, the gift shall be recorded in accordance with GAAP.

## **11. Oil, Gas, and Mineral Interests**

LSC may accept oil, mineral and gas property interests when appropriate.

## 12. Named Funds

A donor, or group of donors, may contribute and name a fund and restrict the use of the income or principal of the fund. Named funds require a minimum contribution of \$100,000 and are subject to the Board's approval.

## 13. Notification to Donors

Whenever a grant or other contribution to LSC is received by the Corporation, ~~the Treasurer~~the Chief Development Officer will prepare an acknowledgement for the President's signature ~~shall acknowledge the contribution~~ and, so long as required by law, include a statement that funds contributed to LSC may not be used in any manner that violates the LSC Act or any provision of the Appropriations Act that applies to LSC.

## ~~E.14.~~ **Budgeting of contributions**

All private funds received by LSC for the same purposes, whether in the form of grants or solicited or unsolicited contributions, shall be accounted for separately. The Board shall approve the budgeting of such funds using the same LSC Budget Guidelines that apply to all other LSC funds. If contributed funds carry restrictions, acceptance of the funds is subject to a determination by the General Counsel that LSC may legally accept the funds.

## ~~F.15.~~ **Expenditures from contributed funds**

Contributed funds shall be spent in accordance with the LSC Administrative Manual and are subject to the same approval requirements as contained in the Manual. In the event that contributed funds are to be used to pay for expenses for which federal funds may not be used, such contributed funds must be received and budgeted prior to any such expense being incurred. No federal funds shall be advanced to cover any expense intended to be paid for by private contributions.

## ~~G.16.~~ **Accounting**

Should LSC engage in a solicitation of private contributions, the Comptroller shall provide an accounting of any additional expense to the Corporation associated with the solicitation.

## 17. Use of Legal Counsel

**A. LSC.** The Board shall seek the advice of the Office of Legal Affairs in matters relating to acceptance of gifts when appropriate.

**B. Donor.** For non-standard gifts, in order to avoid any potential conflicts of interest, LSC should encourage prospective donors to seek the assistance of their own legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

## 19. Ethical Considerations and Conflict of Interest

LSC is committed to the highest ethical business practices in fundraising. All donor engagement on behalf of LSC will adhere to LSC's Code of Ethics and Conduct and the Donor Bill of Rights. The Board shall seek the advice of LSC's Ethics Officer on the acceptance of any gift or transaction that presents an actual or potential conflict of interest.

LSC shall not accept gifts that:

- A. Violate the terms of LSC's organizational documents, including, but not limited to, the LSC Act, LSC appropriations acts, LSC regulations, or the LSC Code of Ethics and Conduct;
- B. Would jeopardize LSC's status as a tax-exempt organization under federal or state law;
- C. Are for purposes that do not further LSC's objectives; or
- D. Could damage LSC's reputation.

## 18. Additional Provisions

- A. **Gift Agreements.** Where appropriate, LSC shall enter into a written gift agreement with the donor, specifying the terms of any restricted gift, which may include provisions regarding donor recognition.
- B. **Pledge Agreements.** Acceptance by LSC of pledges by donors of future support of LSC (including by way of matching gift commitments) shall be contingent upon the execution and fulfillment of a written charitable pledge agreement specifying the terms of the pledge, which may include provisions regarding donor recognition.
- C. **Fees.** LSC will not accept a gift unless the donor is responsible for (1) the fees of independent legal counsel retained by donor for completing the gift; (2) appraisal fees; (3) all other third-party fees associated with the transfer of the gift to LSC.
- D. **Valuation of Gifts.** LSC shall record gifts received at their valuation on the date of gift, except that, when a gift is irrevocable, but is not due until a future date, the gift may be recorded at the time the gift becomes irrevocable in accordance with GAAP.

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Adopted on **July 27, \_\_\_\_\_ 2013~~2~~** and supersedes  
Board Resolution nos. **2012-012, 2010-004, and**  
**2008-013.**